

Minutes of the Telephonic Meeting of the
Arizona Game and Fish Commission
Friday, July 14, 2006 – 9:00 a.m.
Arizona Game and Fish Department
2221 W. Greenway Road
Phoenix, Arizona 85023

PRESENT: (Commission)

(Director's Staff)

In person:
Commissioner Jennifer L. Martin

In person:
Director Duane L. Shroufe
Deputy Director Steve K. Ferrell
Assistant Attorney General Jim Odenkirk

Via telephone:
Chairman Joe Melton
Commissioner Michael Golightly
Commissioner William McLean
Commissioner Bob Hernbrode

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Chairman Melton called the meeting to order at 9:05 a.m. Director Shroufe conducted roll call confirming that all Commissioners were present. This meeting followed an agenda revision dated July 12, 2006.

2. Budget Modification for the Construction of a New Department Headquarters Complex at the Ben Avery Shooting Facility

Presenter: Richard Rico, Assistant Director, Special Services

Mr. Rico briefed the Commission on the Department's budget modification request for the new Headquarters facility. At the September 2005 Commission meeting, the Commission approved a construction budget of \$16.5 million. Since that time, a number of factors have resulted in a project cost estimate that exceeds that amount. The factors resulting in increased costs were outlined in a recent informational memo provided to the Commission. Based on the design team's most recent project analysis (Design Team: Lincoln Property, Will Architects, Sundt Construction and Department staff), the current construction cost estimate is \$20.5 million.

The Department identified project elements equaling approximately \$2.4 million that would be more appropriately funded up-front rather than by long-term financing. These items consisted of soft costs such as permitting, architectural and engineering fees, relocation costs and shorter life cycle building system components including furniture and the telephone system. Funding sources for these "pay down" items have been budgeted and are available within the Wildlife Conservation Fund and Capital Improvement Fund. Thus the total project amount to be financed under the lease purchase agreement would be \$18.1 million.

The total financing amount (based on the current market environment) would then be approximated as follows (exact financing costs will be determined based on the economic environment at the time of closing):

Construction Fund	\$18,100,000
Dept Service Reserve Fund*	\$ 1,510,969
Capitalized Interest Fund**	\$ 953,644
Bond Insurance	\$ 581,756
Cost of Issuance	\$ 275,000
Underwriters Discount	\$ 208,600
Rounding Amount:	\$ 1,041
 Total Finance Amount:	 \$21,631,010

**This is a one-year debt service reserve that is legally required within this financing structure, providing uninterrupted payment should some circumstance prevent the Department from making its annual lease payment. If unused it will gain interest and be applied at the final lease payment.*

***This interest-bearing fund will serve to pay interest on the debt during the construction of the project. It will be calculated to be one year of interest. As the project duration will likely be less than a year, the first year's lease payment may be reduced or deferred accordingly.*

Additionally, the City of Phoenix Police Department remains interested in purchasing the Deer Valley North property. The City confirmed that the north side would ideally meet their needs for a police precinct station. The Department provided a facilities inventory for Deer Valley North and Deer Valley South as well as copies of the most recent appraisal for Deer Valley North. The current best use market value was appraised at \$4.8 million. Based on Commission direction, these funds could be utilized to reduce Department debt under the lease purchase agreement.

Commissioner Martin asked about public concerns regarding the Department's construction timeline and the availability of utilities (i.e. water/sewer) by the City of Phoenix.

Mr. Rico stated that the Department has been working with the City of Phoenix in that regard and utilities will be available.

Commissioner McLean asked when construction would begin, to which Mr. Rico stated that groundbreaking is scheduled to begin in August/September 2006 and the Department has an aggressive completion date of July 2007, with a move in date of August/September 2007.

The Commission further discussed the details of the new facility including office/cubicle accommodations, increased cost, and other changes that have taken place since the inception of the new Headquarters. Also discussed were accommodations for potential Department growth. The Commission gave a consensus to continue to move forward with the project.

Motion: McLean moved and Hernbrode seconded THAT THE COMMISSION VOTE TO APPROVE A TOTAL PROJECT BUDGET OF \$20.5 MILLION, WITH \$18.1 MILLION TO BE FINANCED THROUGH THE LEASE PURCHASE AGREEMENT WITH FINAL FINANCING COSTS ESTABLISHED AT THE TIME OF CLOSING.

Vote: Unanimous

3. Request for Authorization to Conduct the 2006 First Come/First Serve Process by Manual Application in Lieu of the Online Process

Presenter: Richard Rico, Assistant Director, Special Services

At the April 2006 Commission meeting, the Commission approved the hunt permit-tag application schedule for the fall 2006 hunting seasons. The schedule identified proposed acceptance dates and deadline dates for all hunts associated with the draw process, and the dates for when hunt permit-tags and refund warrants would be mailed, along with information relating to the first-come/first-serve process for any permits that may still be available. Specifically, as it relates to the first come/first serve process, the schedule noted that applications would be accepted online only beginning on August 7, 2006 at 8:00 a.m.

The Department requested that the Commission modify the schedule to allow the Department to complete the first come/first serve process by manual application only, and further, that processing of applications not begin until August 11, 2006. This change in date was requested to insure that any customers who may be unaware of the change from the online process to a manual application will still have sufficient time to submit a paper application.

Commissioner McLean asked about the increase/decrease in expense to the Department in regards to this change, and further, that any additional expense should be charged to the vendor.

Mr. Rico stated that based on approximately 150 left over tags (historically), there should be no excessive cost associated with doing the first come/first serve manually.

Chairman Melton commented that the Department should look into running the draw themselves at some point in the future and not use a vendor for the draw.

Motion: McLean moved and Hernbrode seconded THAT THE COMMISSION VOTE TO MODIFY THE HUNT PERMIT-TAG APPLICATION SCHEDULE FOR THE FALL 2006 HUNTS AND ALLOW THE FIRST COME/FIRST SERVE PROCESS TO BE COMPLETED BY MANUAL APPLICATION ONLY. FURTHER, THAT THE DATE FOR PROCESSING APPLICATIONS BE CHANGED TO AUGUST 11, 2006.

Vote: Unanimous

Mr. Ferrell stated that after completion of the current draw, the Department plans to put together a business plan that will outline what a Department run draw would entail, including the pros and cons, cost and other options. The Department will bring that to the Commission in late fall or early winter.

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1. Executive Session

The Commission voted to meet in Executive Session in accordance with A.R.S. § 38-431.03 (A)(3) and (4) for the purpose of discussion and consultation with legal counsel regarding

impacts to the Arizona Game and Fish Commission from the purchase agreement between Phelps Dodge and the City of Scottsdale for the sale of Planet Ranch.

Motion: Hernbrode moved and McLean seconded THAT THE COMMISSION VOTE TO GO INTO EXECUTIVE SESSION.

Vote: Unanimous

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Chairman Melton adjourned the meeting.

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Meeting adjourned at 10:15 a.m.

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Joe Melton, Chairman

Michael M. Golightly, Member

William H. McLean, Member

Robert Hernbrode, Member

Jennifer L. Martin, Member

ATTEST:

Duane L. Shroufe
Secretary and Director